Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA § 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

CNX Gas Company LLC on behalf of Hurt McGuire Land Trust and Virginia Stilwell in Tract 2B.

DOCKET NO.

98-0324-0638-03

RELIEF SOUGHT:

Issuance:

A Supplemental Order for Disbursement of Escrowed Funds

Action: Amending Prior Orders Affecting Drilling V-36,

Tract 2B.

(Referenced herein as "the Subject Drilling Unit")

Location:

Buchanan County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit <u>V-36</u> by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling

REPORT OF THE BOARD FINDINGS AND ORDER

- 1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on March 16, 2010 at the Russell County Government Complex, Conference Center, and 139 Highland Drive, Lebanon, VA.
- 2. <u>Appearances</u>: Mark A. Swartz, Esq. Swartz Law Offices PLLC appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
- Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 et seq., and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. Prior Proceedings:

- 4.1. (a) On June 10, 1998, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on June 5, 1998 in Deed Book 477 at Page 104. On April 2, 1999 the Board executed its Supplemental Order Regarding Elections which was filed with the Clerk in Deed Book 490 at Page 1 (hereafter all orders are collectively referred to as the "Pooling Orders).
 - 4.1.1 On October 18, 2005, the Board executed its disbursement order VGOB 98-0324-0625-01 in the Subject Drilling Unit for Dewey Rowe with a split agreement with Hurt McGuire Land Trust in accordance with his ownership interests in Tract 4f. The Disbursement Order and exhibits were filed with the Clerk of the Circuit Court of Buchanan County on February 7, 2007, Instrument Number 060000407.
 - 4.1.2 On October 18, 2005, the Board executed its disbursement order VGOB 98-0324-0625-02 in the Subject Drilling Unit for CNX Gas Company LLC; Consolidatio Coal Company; and Guster Clifton; with a split agreement with Hurt McGuire Land Trust in accordance with their ownership interests in VGOB Tracts 4A, 4D, 4E. The Disbursement Order and exhibits were filed with the Clerk of the Circuit Court of Buchanan County on October 29, 2007, Instrument Number 070004028.
- 4.2 To the extent claims to the gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Hurt McGuire Land Trust and the gas ownership interests of Virginia Stilwell in Tract 2B in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order. The gas ownership estates of Martha J. Stilwell and Winfred "Mack" Osborne are being researched based on testimony by counsel during the March 16, 2010 Board hearings.
- 4.3 The Unit Operator's Miscellaneous Petition regarding a portion of tract 2B, a copy of which is attached to and made a part hereof, states under oath that Hurt McGuire Land Trust and the Applicants have entered into an agreement with regards to a portion of Tract 2B and that by the terms of the agreements escrow regarding these individual conflicting claims detailed herein is no longer required for these parties.
 - 4.4 The Unit Operator gave notice to Hurt McGuire Land Trust and the applicants that the Board would consider its disbursement authorization at its hearing on March 16, 2010 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to a portion of tract 2B identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 2B, the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties under this order subject to continued payments in the escrow.
- 4.5 The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. Findings:

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Hurt McGuire Land Trust and Virginia Stilwell are the owners of the coal and gas acreage estate underlying a portion of VGOB Tract 2B of the Subject Drilling Unit;
- (2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

		VGOB Approved Disbursement VGOB-98-0324-0638-03 V-36	Frac Interest	Acreage Interest Disbursed	Split Agreement	Escrowed Acres Total	% of Escrowed Funds
		Table 1					
Item	Tract	Disbursement Table					
		Totals				34.58000	
	Hurt M	IcGuire Land Trust	3.50	3.5000	50.0%	1.750	5.0607%
1	2B	Hurt McGuire Land Trust C/o Charles Green / PO Box 1067 / Bluefield, VA					
2	2B	Virginia Stilwell / 1106 Dial Road / Raven, VA 24639	3.50	3.50000	50.0%	1.75000	5.0607%
		CGuire Land Trust	2.57	2.5700			
3	2C	Hurt McGuire Land Trust C/o Charles Green / PO Box 1067 / Bluefield, VA					e. Information indi
4	2C	Martha J. Stilwell / P.O. Box 54 / Raven, VA 24639	2.57	2.57000		to Wilderness well requests tir	Tabernacle Church me to research.
	Hurt M	leGuire Land Trust	1.35	1.3500			
5	4G	Hurt McGuire Land Trust C/o Charles Green / PO Box 1067 / Bluefield, VA			No Disbursen	ment at this time	e. Information indi
6	4G	Winfred "Mack" Osborne / 3375 Osborne Mountain Rd / Raven, VA 24639	1.35	1.35000			Tabernacle Church
-	10	The State Souther 3373 Osbothe Wouldain Rd / Ravell, VA 24039		1.55000	and Mrs. Sulv	well requests tir	ne to research.

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. Appeals:

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

,.	Effective Date. This Older shall be effective of the date of its execution.
	DONE AND EXECUTED this // day of // 2010 by a majority of the Virginia Gas and Oil Board.
	Bradley C. Lambert, Chairman
	DONE AND PERFORMED this, day of, 2010 by an Order of this Board.
	David E. Asbury Jr., Principal Executive to the Staff Virginia Gas and Oil Board
Co	DMMONWEALTH OF VIRGINIA) DUNTY OF WASHINGTON Acknowledged on this day of

to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

My commission expires: _09_/_30_/_2013_

Diane J. Davis

Notary Public #174394

TO MAINTAITH OF YELDS

BEFORE THE VIRGINIA GAS AND OIL BOARD

PETITIONER: CNX Gas Company LLC

RELIEF SOUGHT: (1) DISBURSEMENT FROM ESCROW REGARDING TRACT(S) 2B, 2C, and 4G (2) AND AUTHORIZATION FOR DIRECT PAYMENT OF ROYALTIES

DRILLING UNIT: V36

BUCHANAN COUNTY, VIRGINIA

DIVISION OF GAS AND OIL DOCKET NO: VGOB 98-0324-0638-03

HEARING DATE: March 16, 2010

MISCELLANEOUS PETITION

- 1. <u>Petitioner and its counsel:</u> Petitioner is CNX Gas Company LLC, 2481 John Nash Boulevard, Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, SWARTZ LAW OFFICES, PLLC., 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.
- 2. Relief sought: (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 2B, 2C, and 4G as depicted upon the annexed Exhibit A; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Hurt McGuire Land Trust and Virginia Stilwell, Hurt McGuire and Martha J. Stilwell, and Hurt McGuire and Winfred "Mack" Osborne
- 3. <u>Legal Authority</u>: Va. Code Ann. § 45.1-361.1 <u>et seq.</u>, 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.
 - 4. Type of well(s): Coalbed methane.
- 5. Factual basis for relief requested: Hurt McGuire Land Trust and Virginia Stilwell, Hurt McGuire and Martha J. Stilwell, and Hurt McGuire and Winfred "Mack" Osborne have entered into royalty split agreement(s). Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and the annexed Exhibit A, further, specifies how said royalties are to be divided and paid.
- 6. <u>Attestation:</u> The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC

BY ITS PROFESSIONAL MANAGER

CNX GAS COMPANY LLC, PETITIONER

By:

Anita D. Duty

Pooling Supervisor

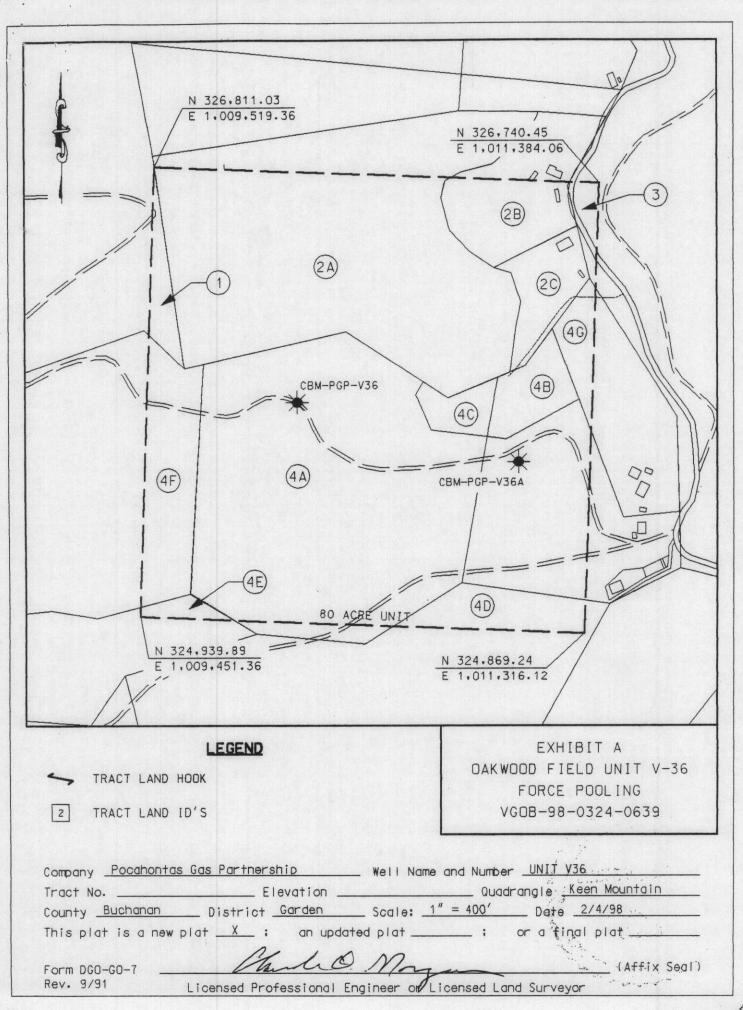
CNX Land Resources, Inc.

2481 John Nash Blvd.

Bluefield, West Virginia 24701

Approved disbursement for 2B only!
Approval not granted For 2C and 49!

3/16/2010 pot.



POCAHONTAS GAS PARTNERSHIP

UNIT V-36 Tract Identifications

- 2A. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Trustees Wilderness Taburnacle Church Surface, Oil & Gas
 23.86 acres
 29.82500%
- 2B. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Paul E. Stillwell Surface, Oil & Gas
 3.50 acres
 4.37500%
- 2C. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Roley Stillwell Surface, Oil & Gas
 2.57 acres
 3.21250%
- 3. Coal Mountain Mining Company Tr 26 Fee
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 United Coal Company
 Pocahontas Gas Partnership CBM Lessee
 Consolidation Coal Company Oil & Gas Lessee
 0.74 acres
 0.92500%

POCAHONTAS GAS PARTNERSHIP

UNIT V-36

Tract Identifications

- 4A. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Pocahontas Gas Partnership -S urface, Oil & Gas
 35.29 acres
 44.11250%
- 4B. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Trustees Wilderness Taburnacle Church Surface, Oil & Gas
 2.08 acres
 2.60000%
- 4C. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Trustees Wilderness Taburnacle Church Surface, Oil & Gas
 1.22 acres
 1.52500%
- 4D. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Consolidation Coal Company Surface, Oil & Gas 2.54 acres
 3.17500%
- 4E. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Guster Clifton Surface, Oil & Gas
 0.55 acres
 0.68750%
- 4F. Hurt McGuire Heirs Coal
 Coal Lessees
 Island Creek Coal Company
 Jewell Smokeless Coal Corporation
 Permac, Inc.
 Curtis T. Davis Surface, Oil & Gas
 5.09 acres
 6.36250%

POCAHONTAS GAS PARTNERSHIP

UNIT V-36
Tract Identifications

4G. Hurt McGuire Heirs - Coal
Coal Lessees
Island Creek Coal Company
Jewell Smokeless Coal Corporation
Permac, Inc.
Mack Osborne - Surface, Oil & Gas
1.35 acres
1.68750%

Exhibit E

UNIT V-36 Docket # VGOB-98-0324-0638-03

List of Conflicting Owners/Claimants that require escrow

				. D	ivision of Interes	t in
			Acres in Unit	Percent of Unit	1 Right 17.9594%	2 Right 4.3466%
Tract #2A, 2	3.86 acres					
COAL	LOWNERSHIP					
(1)	Hurt McGuire c/o Charles Green P.O. Box 1067 Bluefield, VA 24605		23.86 acres	29.82500%	5.35639%	1.29637%
OIL 8	& GAS OWNERSHIP					
	Trustee of Wilderness Star Rt. Box 113 Raven, VA 24639	Tabernacle	23.86 acres	29.82500%	5.35639%	1.29637%
Tract #4B, 2	.08 acres					
COAL	OWNERSHIP					
(1)	Hurt McGuire c/o Charles Green P.O. Box 1067 Bluefield, VA 24605		2.08 acres	2.60000%	0.46694%	0.11301%
OIL 8	& GAS OWNERSHIP					
(1)	Trustee of Wilderness Star Rt. Box 113 Raven, VA 24639	Tabernacle	2.08 acres	2.60000%	0.46694%	0.11301%
Гract #4С, 1	.22 acres					
COAL	OWNERSHIP					
(1)	Hurt McGuire c/o Charles Green P.O. Box 1067 Bluefield, VA 24605		1.22 acres	1.52500%	0.27388%	0.06629%
OIL 8	& GAS OWNERSHIP					
(1)	Trustee of Wilderness Star Rt. Box 113 Raven, VA 24639	Tabernacle	1.22 acres	1.52500%	0.27388%	0.06629%

Exhibit EE Unit V-36

Docket #VGOB-98-0324-0638-03

	Lie	st of Conflicting	Owners/Clain	nants that require es	crow ivision of Interes	at in	
				Percent of	1 Right	2 Right	Percent of
		Acı	res in Unit	Unit	17.9594%	4.3466%	Escrow
ract #2B, 3	2.50 acres						
COA	L OWNERSHIP						
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	3.50	acres	4.37500%	0.78572%	0.19016%	5.06079
OIL	& GAS OWNERSHIP						
(1)	Virginia Stilwell (Widow) 1106 Dial Road Raven, VA 24639 (previously Paul Stilwell)	3.50	acres	4.37500%	0.78572%	0.19016%	5.06079
ract #2C, 2	.57 acres						
COA	L OWNERSHIP						
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	2.57	acres	3.21250%	0.57695%	0.13963%	3.7160% HOLD
OIL 8	& GAS OWNERSHIP						
(1)	Martha J. Stilwell (widow) P. O. Box 54 Raven, VA 24639 (Previously Roley Stilwell)	2.57	acres	3.21250%	0.57695%	0.13963%	3.7160% HOLD
ract #4A, 3	35.29 acres						
COA	L OWNERSHIP						
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	35.29	acres	44.11250%	7.92234%	1.91739%	n/a
OIL 8	GAS OWNERSHIP						
(1)	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701 (Pocahontas Gas Partnership)	35.29	acres	44.11250%	7.92234%	1.91739%	n/a
ract #4D, 2.	.54 acres						
COAL	OWNERSHIP						
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	2.54	acres	3.17500%	0.57021%	0.13800%	n/a
OIL 8	GAS OWNERSHIP						
(1)	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701 (Consolidation Coal Company)	2.54	acres	3.17500%	0.57021%	0.13800%	n/a
			Page 1 of	2		R	ev. 4/19/10

Exhibit EE Unit V-36

Docket #VGOB-98-0324-0638-03

List of Conflicting Owners/Claimants that require escrow

			D	ivision of Interes	st In	
		Acres in Unit	Percent of Unit	1 Right 17.9594%	2 Right 4.3466%	Percent of Escrow
act #4E, 0.	55 acres					
COAL	. OWNERSHIP					
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	0.55 acres	0.68750%	0.12347%	0.02988%	n/a
OIL 8	GAS OWNERSHIP					
(1)	Guster Clifton 1303 John Clifton Rd. Raven, VA 24639	0.55 acres	0.68750%	0.12347%	0.02988%	n/a
act #4G, 1.	35 acres					
COAL	OWNERSHIP					
(1)	Hurt McGuire Land Trust c/o Charles Green, Trustee PO Box 1067 Bluefield, VA 24605-4067	1.35 acres	1.68750%	0.30306%	0.07335%	1.9520% HOLD
OIL 8	GAS OWNERSHIP					
(1)	Winfred "Mack" Osborne 3375 Osborne Mountain Road Raven, VA 24639	1.35 acres	1.68750%	0.30306%	0.07335%	1.9520% HOLD

Tract-by-Tract Escrow Calculation Account Balances as of 12/31/09 **Exhibit A**

Unit V-36 VGOB 98-0324-0638-03

Acres Escrowed:

34.580000

Owners	Tract#	Acres	Owners' Percent of Escrow (50%)	Amount Due Owners \$433,010.36	Comments
Turt McGuire - Coal			2.0607%	\$21,913.48	
/irginia Stillwell - O&G	28	3.50	2.0607%	\$21,913.48	
Hurt McGuire - Coal			3.7160%	\$16,090.76 Tract to be excluded from the Disbursement at this time. Sold to	sement at this time. Sold to
Martha J. Stilwell - O&G	22	2.57	3.7160%	\$16,090.76 Wilderness Tabernacle Church on 8/2/07. Mrs. Stilwell requests time to research.	2/07. Mrs. Stilwell requests time to research.
Hurt McGuire - Coal			1.9520%	\$8.452.34 Attorney for Winifred Osborne. Peter Glubiak asked the Board to exclude this tract	Glubiak asked the Board to exclude this tract
Vinfred "Mack" Osborne- O&G	4G	1.35	1.9520%	\$8,452.34 from the Disbursement, pending Legislative Decision. Board approved 3/16/10	stlative Decision. Board approved 3/16/10
			· · · · · · · · · · · · · · · · · · ·		

Wells contributing to the escrow account:

V36 & V36A

INSTRUMENT #100001390
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
MAY 26, 2010 AT 12:29PM

BEVERLY S. TILLER, CLERK RECORDED BY: SLB